

**TCEQ HRVOC Stakeholder Group**  
**Meeting Topic: Site-Wide Caps**  
**February 6, 2004**  
**9:00 A.M.**  
**TCEQ Bldg. E, Room 254, Austin, Texas**

***Summary of Issues / Comments -***

**Overview of the Cap**

Chuck Mueller provided an overview of how the HRVOC site-wide cap was developed, referencing the hand out provided to participants, *Establishing the HRVOC Cap*.

**General Discussion / Action Items**

- A participant asked which HRVOC is most reactive.
  - Ethylene and propylene have similar reactivity; 1,3 butadiene and the lumped butenes have similar reactivities.
  - Reactivity is based on MIR (maximum incremental reactivity) scale and the OH reactivity scale.
- A participant asked what was included or excluded in the 2000 EI to determine the 2000 baseline.
  - Applied adjustment to the initial reported inventory;
  - Applied special inventory variations on top of the reported inventory.
- A participant commented that industry was originally directed to apply oil and gas factors in their inventory. Now, the directive is to apply SOCMi factors. The participant expressed concern that this would now put them over their cap.
  - EI factors and methodologies change over time to be more like real emissions;
  - Point was made that the cap does not include fugitives;
  - The regulations are geared toward obtaining monitored data;
  - Cap may need to be reevaluated once monitored data is available;
- A participant expressed concern that companies are making plans for compliance based on the current cap allocations. If the cap changes or is lowered, then capital plans will need to be changed as well.
  - Compliance dates will be taken into consideration.
- A participant asked how the 2002 cap methodology compared with the 2004 methodology (per the *Establishing the HRVOC Cap* document). How would the cap numbers be different?
  - Analysis is not complete at this time. The TCEQ is looking at different options to demonstrate attainment;
  - Presently running the model and evaluating the accounts.

- A participant suggested that the TCEQ add a step into the cap development process to provide each account an opportunity to look at the cap numbers and discuss any significant discrepancies.
- A participant asked if the TCEQ plans to leave the cap table in the SIP document citing concerns about the ability to update the table to account for acquisitions, divestitures, etc.
  - EPA indicated that the table should be in the SIP document to make it federally enforceable.
- A participant commented that a cap and trade program is necessary for growth in the Houston Galveston area.
- A participant commented that the current system has a major impact on local, foreign, and domestic trade.
  - Since the cap is based on the emissions inventory, it would be difficult to establish a trading program without monitoring data.
- A participant suggested a trading program based on reactivity rather than pounds of specific compounds.
- A participant commented that their account started a process toward the end of 2000. Since the cap is based on the 2000 EI, the emissions from this process are not accounted for in their cap.
- A participant suggested we create a cap and trade program modeled after the NOx program.
- A participant asked if they still have an opportunity to correct their 2000 EI.
  - Many accounts submitted corrected 2000 inventories shortly after the adoption of the site-wide cap;
  - We are facing time constraints. The ozone standard has to be met by 2007;
  - The normal EI policy allows accounts to make corrections to the current year inventory as well as one year back. However, if it is absolutely necessary, previous EI years may be revisited depending on direction from TCEQ management;
  - Recommend that industry speciate VOCs as much as possible in future inventories.
- A participant commented that industry would like to see a spreadsheet with the cap calculations.
- Several participants suggested that the cap be based on production or level of activity by industry type.
  - Production figures can be obtained in the *Oil and Gas Journal*;
  - Participants with batch processes expressed concern with a production-based strategy;
  - Several participants commented that the current cap system penalizes well-controlled accounts.
- A short term / long term cap strategy was discussed.

- TCEQ staff emphasized that feedback is needed as soon as possible;
  - Some participants stated that an annual cap with short term limits would be easier to comply with than hourly cap;
  - Discussion of parameters and applicability of potential short term caps with respect to ozone exceedances and emissions events.
- TCEQ is working on reclassifications for the 2000 point source EI.
    - Speciation files are available on the web;
    - Speciation allocations were explained. The profiles can be derived from the reports and the speciated modeling inventory;
    - A report on how the inventory was speciated and supporting documentation has been available on the HGAQSE web page for quite some time;
    - Extra mass being added to the inventory. The process for developing the inventory adjustment is described in the hand out, *Establishing the HRVOC Cap*.
- A participant asked how Permits would tie in MAERT and permit provisions with respect to the cap.
    - Permits can be revised based on many factors;
    - Taking action to have a permit reviewed has been part of violation resolution in the past.
- A participant asked what EPA's concerns are regarding a cap and trade program
    - Allocation is not an EPA concern - no opinion;
    - EPA is concerned with geographic breadth of a trading program;
    - Long averaging times and annual trading programs are of concern for EPA with regard to how to account for uncertainty in the model;
    - Variability of HRVOC (more so than NOx).
- A participant commented that for smaller sources, caps may be an unnecessary constraint beyond the required monitoring and reporting.
    - Another participant followed up with concern that the aggregate of smaller sources could translate to a significant cap burden on larger sources.
- A participant expressed concern that smaller sources need to be involved in the stakeholder process.
- Most participants agreed they would like to continue the Cap discussion at the next meeting
    - A participant requested that we have some discussion on flares at the next meeting;
    - Subsequent meeting discussions should include fugitive issues and cooling tower issues.